

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

IN RE:)
)
) Case No. 3:17-bk-01300
DART MUSIC, INC.,) Chapter 11
)
) Judge Randal S. Mashburn
Debtor.)

DART MUSIC, INC.'S COMPANY PROFILE

Dart Music, Inc. ("Dart") files this statement of its company profile (the "**Company Profile**") in support of motions to be filed in this Chapter 11 case. To avoid unnecessarily lengthy motions that recite Dart's profile and background, Dart intends, where appropriate, to reference and incorporate this Company Profile in current and future motions.

I. The Founding of Dart and the Progression of its Business

Dart was formed in January of 2015 by founder and CEO, Chris McMurtry. Dart solves complex metadata problems for the music industry. Digital music services such as Spotify, Soundcloud, Google Play and Apple Music are all impacted by the quality of the metadata delivered to them.

Dirty, inconsistent or non-existent metadata impacts many:

- Music lovers cannot find the music they are looking for, and recommendation engines often struggle to deliver a quality experience;
- Music rights holders such as artists, songwriters, musicians, publishers, labels and others, struggle to collect royalties for their work, resulting in lawsuits against streaming services and online music stores; and

- Music industry participants, such as labels, managers, aggregators of music data and performing rights organizations struggle to deliver information quickly on behalf of their clients.

Dart introduced affordable distribution to classical artists in September 2015. Met with applause from both the classical community and the music industry at large, this value proposition secured the company direct distribution deals with Apple, Google, Spotify, Amazon, & You Tube. Through ongoing discussions with these online music store customers, as well as numerous Labels, Performing Right's Organizations, publishers and others, Dart is building the "Music Metadata Engine" to respond to frustrations related to metadata issues that are both costly and time consuming.

Similar to how Dart's distribution platform is designed to make it easy for the individual artist and composer to account for the complex metadata specifications of online stores, Dart's metadata platform is built to help companies create and maintain consistent and accurate metadata while cleaning up their legacy data.

Comprised of an incredible team of passionate musicians and technologists from Apple, Sony, and Universal, startup experts and technology entrepreneurs, Dart is now scaling its patent-pending technology to answer the metadata needs of the music industry and beyond.

Based on its current pipeline and projections, Dart plans to serve 3,000 of the Total Addressable Market of 30,000 B2B music industry customers by 2020, representing a run rate of \$141 million in revenue.

II. The 6% Convertible Promissory Notes

Beginning in September of 2015, Dart raised \$1.6 million in funding by issuing Convertible Promissory Notes (the "Convertible Notes") to various individual investors (the

"**Noteholders**"). The Convertible Notes bear interest at the rate of 6% per annum and mature two years from the date of issuance. Two (2) of the Convertible Notes matured on February 23, 2017 (the "**Matured Convertible Notes**"), while the remaining Convertible Notes are set to mature on June 5, 2017.

The following table details the various Convertible Notes and the holders of such notes:

6% Convertible Notes					
Noteholder	Principal Amount	Issued Date	Maturity Date	Interest Accrued	Current Balance (P&I) ¹
Stacy Stinson	\$500,000	2/23/2015	2/23/2017	\$61,615.65	\$561,615.65
Rob Harig	\$200,00	2/23/2015	2/23/2017	\$24,646.26	\$224,646.26
Rob Harig	\$300,000	6/2/2015	6/5/2017	\$31,530.39	\$331,530.39
Joe Galante	\$25,000	6/2/2015	6/5/2017	\$2,627.53	\$2,627.53
David Furse	\$50,000	6/2/2015	6/5/2017	\$5,255.06	\$55,255.06
George Hoffman	\$25,000	6/2/2015	6/5/2017	\$2,627.53	\$27,627.53
Julia Polk	\$25,000	6/5/2015	6/5/2017	\$2,613.91	\$27,613.91
Stryker Warren	\$25,000	6/8/2015	6/5/2017	\$2,600.30	\$27,600.30
Stacy Stinson	\$100,000.	12/11/2015	6/5/2017	\$7,076.99	\$107,076.99
Rob Harig	\$100,000	12/11/2015	6/5/2017	\$7,076.99	\$107,076.99
Joe Galante	\$50,000	12/11/2015	6/5/2017	\$3,538.50	\$53,538.50
David Furse	\$50,000	12/11/2015	6/5/2017	\$3,538.50	\$53,538.50
Stuart McWhorter	\$25,000	12/11/2015	6/5/2017	\$1,769.25	\$26,769.25
Yvonne Sullivan	\$25,000	12/11/2015	6/5/2017	\$1,769.25	\$26,769.25
Mark Montgomery	\$100,000	12/1/2016	6/5/2017	\$991.10	\$100,991.10

III. Recent Attempts to Raise Capital and Negotiations with the Convertible Noteholders

Beginning in 2016, Dart began seeking additional capital understanding that the Convertible Notes were soon coming due. On or about January 3, 2017, Dart was presented with a term sheet from ICG Ventures LLC ("ICG") whereby Dart would, among other things, issue Shares of Series Seed Preferred Stock of the company to ICG (or one of its affiliates) at an original share price of \$22.90 based on a pre-money fully-diluted valuation of \$4 million,

¹ This column reflects the current balance of the Convertible Notes as of January 30, 2017.

calculated based upon the capitalization of Dart, inclusive of an available post closing option pool of 25%. In exchange, ICG would provide Dart with \$500,000 in funding (the "**ICG Term Sheet**").

Shortly thereafter, the ICG Term Sheet was presented to the Noteholders. Chris McMurty presented a conversion proposal to the Noteholders that would permit Dart to execute on the ICG Term Sheet in order to provide Dart with the short term liquidity it desperately (the "**Funding Proposal**"). The Funding Proposal was accepted by the following Noteholders: (1) Joe Galante, (2) Stuart McWhorter, (3) Mark Montgomery, and (4) George Hofman. Unfortunately, however, the Funding Proposal was rejected by the following Noteholders: (1) Rob Harig, (2) Stacy Stinson, (3) Julia Polk, (4) Stryker Warren, (5) David Furse, and (6) Yvonne Sullivan (collectively, the "**Rejecting Noteholders**").

Thereafter, Dart continued to engage the Rejecting Noteholders in discussions aimed at finding a solution to Dart's immediate liquidity needs such that Dart could continue the upward trajectory that it had experienced since its original founding.

However, despite its best efforts, Dart was unsuccessful in reaching a resolution with the Rejecting Noteholders. What's more, on February 24, 2017, counsel for Stacy Stinson and Rob Harig, two of the Rejecting Noteholders (the "**Matured Noteholders**") sent a letter to counsel for Dart declaring that such notes had matured and demanding payment on such notes by no later than March 3, 2017 (the "**Payment Demand**").

IV. Basis for Chapter 11 Filing

While Dart has a solid business model and has a number of potential contracts with well-known technology companies in the pipeline, Dart has filed this Chapter 11 proceeding to ensure its ongoing viability.

Dart and its management worked diligently to avoid this Chapter 11 filing. Over the last several months, Dart attempted to restructure the obligations on its Convertible Notes. Despite being presented with a number of attractive scenarios to restructure outside of Chapter 11, certain of those Noteholders have refused to reach an agreement with the company that would allow it to reach new heights by providing it with the short-term liquidity necessary to achieve its objectives. It's become clear that this process has reached an impasse and that any further delay would unnecessarily waste valuable resources of the company. The filing is a result of Dart's loss of revenue during the past several quarters associated with the normal ebbs and flows experienced by start-up companies, combined with the reality that its negotiating efforts with the Noteholders shows no apparent prospect of a near term resolution.

The Rejecting Noteholders refusal to accept the Funding Proposal, or any other Chapter 11 restructuring alternative, coupled with the Payment Demand from the Matured Noteholders has necessitated this filing. Moreover, the drawn-out dispute with the Rejecting Noteholders has diverted the attention of current management from the day-to-day operation of Dart – actions that are critical to its continued growth and success. The filing of this Chapter 11 proceeding will allow management to continue to operate Dart in the ordinary course of business and focus on issues critical to growing and expanding its business.

For all of these reasons, Dart concluded that this Chapter 11 proceeding was the best path forward for the company at this time.

V. Conclusion

Dart is currently exploring all viable opportunities available to it in Chapter 11 and is confident that it will obtain a successful result for its various stakeholders.

Dated: February 28, 2017.

Respectfully submitted,

NELSON, MULLINS, RILEY &
SCARBOROUGH LLP

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CERTIFICATE OF SERVICE

On February 28, 2017, the foregoing was served via CM/ECF on all parties consenting to electronic service in this case. The Debtor shall serve the same on the next business day by regular mail, email, and/or fax (as applicable) to (i) the Debtor's twenty largest unsecured creditors, and (ii) the Office of the United States Trustee.

/s/ Shane G. Ramsey
Shane G. Ramsey